

CONFIDENTIAL

TRANSITION MEMORANDUM

TO: William Callahan, Independent Investigator

CC: Senior United States District Judge Charles S. Haight, Jr.

FROM: Walter Mack

DATE: October 26, 2005

RE: [REDACTED]

1. In August, 2003 I received a Hotline complaint from a credible source who advised that [REDACTED] who possessed the building maintenance contract with [REDACTED] for its buildings at and about [REDACTED] in Manhattan was defrauding the District Council and the benefit funds by paying carpenters cash without benefits.

2. For reasons unexplained, and despite my continued inquiries concerning this matter, the District Council did not respond to this complaint for more than a year when it was reported to me that an audit of [REDACTED] reported no discrepancies between Shop Steward Reports and Benefit remittances. Inasmuch as "cash" carpenters are not normally reported on Shop Steward reports nor disclosed in the payroll records provided to the auditor, I decided to subpoena [REDACTED] for all its invoices from [REDACTED] in order to compare the man hours billed by [REDACTED] to [REDACTED] against the benefit remittances made by [REDACTED]

3. [REDACTED] produced a sampling of [REDACTED] invoices, many of which reflected flat fee rather than itemized billings of the actual hours worked. This type of billing appeared inconsistent with the Collective Bargaining Agreement between [REDACTED]. I needed to isolate the particular job, compare the ShopSteward reports and then obtain testimony from participants if the discrepancies were not apparent on their face.

4. Unfortunately other matters interfered with my progress on this subject matter, but my intention was always to obtain any further records I needed from [REDACTED] and pursue the seeming discrepancies between the Collective Bargaining Agreement and the itemized billings. Is there some special exception here or is there some political or other reason for differentiated treatment that needs exposure or explanation were the questions that I felt deserved to be explored.

5. The records and information collected by our II team are being transferred to your office for review and the determination whether you wish to pursue this investigation any further. I would be pleased to assist you in any way you request.



Walter Mack

cc: Gary Rothman, Esq.
AUSA Ed Scarvalone